



INSURANCE FRAUD INVESTIGATION DIVISION

Kentucky Department of Insurance

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Fraud Statistics/Convictions Activity

October 2011

Fraud Statistics

	<u>Month/October</u>	<u>YTD</u>
Total Referrals Received.....	132	890
Closed Referrals.....	52	536
Open Cases (Investigations-includes prior years)		242
Assigned Cases (Investigations).....	1	124
Closed Cases (Investigations).....	3	73
Closed Cases (Investigations) Exceptionally Cleared – Declined by Prosecutor.....	1	24
Charges (4 felony).....	4	75
Convictions (5 felony & 1 misd.)	6	76
Restitution Ordered..... \$	250.00	26,328.05
Restitution Agreed.....\$	2,589.15	57,423.33
Restitution Total.....\$	2,839.15	83,751.38
Investigation Expenses to Division		
Awarded.....\$	2,746.52	10,402.44
Collected..... \$	1,533.75	9,592.49
Administrative subpoenas issued.....	2	11
Non-licensed individuals.....	2	10
Licensed (active/inactive individuals)....	0	1
Subpoenas Received.....	0	18

Convictions Activity

Sheri Lynn McGehee – McGehee forged documents stating she was in the hospital from Jan. 9-15, 2009. The physician's statement and medical records confirmed that there should have been no claims activity past 2007, as that was the last time the doctor had seen the subject. McGehee pleaded guilty to four counts of fraudulent insurance acts greater than \$300, to run concurrently for a recommended five years or until all fines and restitution are paid, whichever is longer. Investigation expenses of \$1,246.52 were awarded to the Fraud Division and restitution of \$2,100 was awarded to the insurer, AFLAC.

Tonya Fugett – Fugett presented a fraudulent insurance endorsement to People's Exchange Bank in Winchester. Fugett was charged with one count of fraudulent insurance acts over \$500 and was granted pre-trial diversion. The charge was amended to one count of fraudulent insurance acts less than \$500. She paid \$2,021.88 in restitution to People's Exchange Bank. Additionally, she must perform 40 hours of community service and commit no further offenses during her six-month diversion period.

Leslie Childress – In July 2008, Kentucky Farm Bureau found that Childress, an unlicensed customer service representative, was taking money and manipulating premium payments made by insureds. She was charged with two counts of fraudulent insurance acts over \$500 and one count of theft by failure to make required disposition over \$500. She was sentenced to two years imprisonment on one count of fraudulent insurance acts and one count of theft by failure to make required disposition. This was diverted for a period of three years. The remaining fraudulent insurance act charge was reduced to a misdemeanor and Childress was sentenced to 12 months in jail, conditionally discharged for a period of two years. She was ordered to pay restitution in the amount of \$250 to the Agency Manager, David Ellington. Childress also paid restitution to Kentucky Farm Bureau in the amount of \$2,589.15.